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APPLICANTS FOR COUNSEL TO LEVELLAND/HOCKLEY COUNTY ETHANOL, L.L.C., DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

IN RE §
LEVELLAND/HOCKLEY COUNTY §
ETHANOL, L.L.C. §
DEBTOR §

CASE No. 11-50162-11
CHAPTER 11

**SUPPLEMENT TO MOTION OF THE DEBTOR FOR INTERIM AND FINAL
AUTHORITY TO USE CASH COLLATERAL
PURSUANT TO 11 U.S.C. §363 AND TO GRANT ADEQUATE
PROTECTION PURSUANT TO 11 U.S.C. §361**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Levelland/Hockley County Ethanol, LLC ("Levelland Ethanol" or "Debtor"), Supplement to the Motion of the Debtor for Interim and Final Authority to Use Cash Collateral Pursuant 11 U.S.C. §363 and to grant adequate protection pursuant to 11 U.S.C. §361. Debtor respectfully shows as follows:

1. Due to extreme time constraints related to the filing of the chapter 11 petition commencing this case and a number of First Day documents, the Debtor was unable to finalize the Exhibits to the Motion prior to the time it had to be filed in order to be heard on schedule.

**SUPPLEMENT TO MOTION OF THE DEBTOR FOR INTERIM AND FINAL AUTHORITY TO USE CASH
COLLATERAL**
PAGE 1 OF 2

2. This Supplement includes the Exhibits that are referred to in the Motion but were not attached:

- A: Five (5) week budget for Debtor's operations and related uses of cash and receipts;
- B: Operation Projections for the seven months (7) June through December 2011;
- C: Verified Statement of James P. Halbert in Support of the Motion.

Dated: April 27, 2011.

Respectfully submitted,

BLOCK & GARDEN, LLP

/s/ Richard Levy

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CERTIFICATE OF SERVICE

I certify that on April 27, 2011, a copy of the foregoing Supplement was served upon the parties prescribed in the Complex Chapter 11 Procedures and in the manner reflected on the attached service list via e-mail, facsimile or hand delivery and upon the United States Trustee's Office by e-mail and facsimile.

/s/ I. Richard Levy

I. Richard Levy

Levelland/Hockley County Ethanol, LLC
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Internal Revenue Service
Special Procedures-Insolvency
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GovernmentNotice mail

State Comptroller of Public Accounts
Revenue Acctg-Bankr. Section
PO Box 13528
Austin , TX 78711

Government Notice***-mail***

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Government Notice

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EXHIBIT “A”

Leveillard Hockley County Ethanol, LLC

Weekly Cash Flow Projection
For Week Ending on Saturday
Weekly Cash Flow Projection
(\$000's Omitted)

		04/28/11	Variance	FRCST	05/07/11	Actual	Variance	FRCST	05/14/11	Actual	Variance	FRCST	05/21/11	Actual	Variance	FRCST	05/28/11	Actual	Variance	FRCST	06/04/11	Actual	Variance		
Cash Flow																									
Beginning Book Balance	1,589	0		1,348	0		1,246	0	1,147	0		1,047	0		1,243	0		0		0		0		0	
Collections of Old Accounts Receivable	9	0		0	0		0	0	0	0		0	0		0		0		0		0		0		0
USDA 9005 Grant Program	0	0		0	0		0	0	0	0		0	0		0		0		0		0		0		0
Total Available Funds	1,593	0		1,348	0		1,246	0	1,147	0		1,047	0		1,243	0		0		0		0		0	
Less: Expenditures																									
Start Up, Accrued, and Trade Debt	0	0		0	0		0	0	0	0		0	0		0		0		0		0		0		0
Startup Items																									250
Shutdown Baseline Expense																									
Office Salaries and Wages	0	0		21	0		0	0	21	0		0	0		0		0		21	0		0		0	
Plant Salaries and Wages	0	0		21	0		0	0	21	0		0	0		0		0		37	0		0		0	
Employee Taxes and Benefits	0	0		8	0		0	0	9	0		0	0		0		0		12	0		0		0	
Utilities	0	0		0	0		0	0	20	0		0	0		0		0		22	0		0		0	
Plant Rep and Maintenance	0	0		35	0		0	0	10	0		45	0		0		30	0	0		10	0		0	
Facility and Equipment Leases	0	0		6	0		0	0	44	0		0	0		0		0		0		5	0		0	
Office expense and administration	0	0		4	0		0	2	0	0		2	0		0		2	0	0		2	0		0	
Insurance	0	0		0	0		0	0	23	0		0	0		0		0		0		0		0		0
Bankruptcy administrative costs	0	0		7	0		0	0	2	0		0	0		0		0		2	0		0		0	
Chapter 11 Counsel OLTA	250	0		0	0		0	0	0	0		0	0		0		0		0		0		0		0
Ending Cash	1,348	0		1,246	0		1,147	0	1,047	0		1,243	0		983	B									

EXHIBIT “B”

Leveland Hockley County Ethanol, LLC Updated: 04/27/11
Monthly Cash Basis Profit and Loss / Cash Flow Projection

	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	Year 1
File: Workout Model Ver 11 (000's Omitted (except gallons produced))	3,085,714	3,364,000	3,455,714	3,180,000	3,540,000	3,480,000	3,540,000	
Memo: Gallons Produced								
Total Ethanol Sales	8,208	8,948	9,192	8,459	9,416	9,257	9,416	
Total Distillers Grain Sales	2,178	2,332	2,389	2,194	2,184	2,114	2,150	
Less: Tenaska Provided Grain/Gas, Denaturant	(8,861)	(9,494)	(9,752)	(8,974)	(9,659)	(9,340)	(9,502)	
Less: Tenaska Fee	(246)	(313)	(322)	(296)	(330)	(324)	(330)	
Amount Due LICE	1,278	1,473	1,508	1,383	1,612	1,706	1,735	
Net Tenaska Revenue Received	1,250	1,028	1,723	1,258	1,383	1,562	1,456	
COGS Not Included Above								
Chemicals	289	315	323	297	331	326	331	
Shop Labor Costs	117	118	119	117	119	119	119	
Taxes and Fringe on Labor Costs	23	24	24	23	24	24	24	
Electricity Costs	143	148	150	145	152	150	152	
Gas Transportation (CEI, Fowler & MarkWes	45	45	45	45	45	45	45	
Water Treatment (Layne Lease & Usage)	40	41	41	40	41	41	41	
Solid Waste	3	3	3	3	3	3	3	
Facility and Equipment Leases	11	11	11	11	11	11	11	
Property Taxes	17	17	17	17	17	17	17	
Insurance	96	96	96	96	96	96	96	
Repairs and Maintenance	13	13	13	13	13	13	13	
Plant Safety and Supplies	3	3	3	3	3	3	3	
Plant Vehicle Expenses	20	20	20	20	20	20	20	
Other Cost of Sales	4	4	4	4	4	4	4	
Feed Taxes								
Total Cost of Goods Sold Not Paid by Ten	825	858	869	836	1,183	871	879	
Gross Margin	425	171	854	422	200	991	577	
General and Administrative Expenses	85	104	85	85	104	85	85	
Net Cash Generated from Operations	341	66	770	337	96	905	493	
Loss: Debt Service Payments and Deposits Held								
GE Principal	0	0	0	0	0	0	0	
GE Interest	0	0	0	0	0	0	0	
Rex Principal	0	0	0	0	0	0	0	
Rex Interest	0	0	0	0	0	0	0	
Unsecured Creditors	0	0	0	0	0	0	0	
Total Debt Service Payments	0	0	0	0	0	0	0	
Net Cash Flow after Debt Service Payments	341	66	770	337	96	905	493	
Beginning Available Cash	903	1,244	1,310	2,079	2,417	2,512	3,419	
Ending Available Cash	1,244	1,310	2,079	2,417	2,512	3,419	3,911	

EXHIBIT “C”

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

IN RE

**LEVELLAND/HOCKLEY COUNTY
ETHANOL, L.L.C.**

DEBTOR

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CASE No. 11-50162-RLJ-11

CHAPTER 11

**VERIFIED STATEMENT OF JAMES P. HALBERT
IN SUPPORT OF MOTION OF THE DEBTOR FOR INTERIM
AND FINAL AUTHORITY TO USE CASH COLLATERAL**

I, James P. Halbert, state under the penalty of perjury, that to the best of my knowledge, information and belief the following is true and correct:

1. I am the Chief Restructuring Officer of Levelland/Hockley County Ethanol, LLC ("Levelland Ethanol" or "Debtor") a limited liability company, organized under the laws of the State of Texas and a debtor in possession in the above-referenced Chapter 11 case. I have knowledge of the financial condition and business affairs of Levelland Ethanol. My current duties include responsibility for overseeing the day-to-day business operations of Debtor, including oversight of financial operations and day-to-day conduct of the Debtor's business and operations in chapter 11. I am authorized by Debtor to submit this Verified Statement.

2. Except as otherwise indicated, all facts set forth in this Verified Statement are based upon my personal knowledge, my review of relevant documents, or my opinion based upon my experience and knowledge of Debtor's operations and financial

condition. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

3. I have reviewed the facts and background outlined in the Motion Of The Debtor For Interim And Final Authority To Use Cash Collateral Pursuant To 11 U.S.C. §363 And To Grant Adequate Protection Pursuant To 11 U.S.C. §361 (the "Cash Collateral Motion"), along with the Exhibits to the Motion, and I believe them to be true and correct. Specifically, I prepared the cash budget and business forecasts that are exhibits to the Motion.

4. The Debtor presently has cash on hand of \$1,348,000. The Debtor's current business plans call for its Ethanol production to resume at the end of the first four weeks of the case. Until then, the Debtor will not generate significant amounts of new cash. Fortunately, during the next few weeks, the Debtor expects to collect a significant amount from the U.S. Department of Agriculture for the 9005 sorghum usage program estimated to be more than \$300,000 (see budget at Week ending 05/28/11). So by month end of May, the Debtor's beginning cash position at the petition date and cash ending the last week of May are nearly equal.

5. Afterwards, and dependent on future events and whether the Court authorizes the Debtor to enter into a special pricing, production and post-petition finance agreement with a major Bio-Fuel tolling partner, cash usage will increase but only as production is expected to begin. However, within four weeks thereafter, the Debtor expects collections from operations to nearly restore cash to its original position.

6. Without the immediate ability to use its cash, the Debtor will be unable to conduct its business. The Debtor will not be able to pay any of its ordinary and

necessary operating expenses such as payroll, utilities, plant maintenance, equipment leases, insurance, and other expenses outlined in the budget attached as an exhibit to the Motion. Debtor's business will be irreparably harmed if it is not able to use the cash in its operations.

7. Attached to the Motion is a one-month budget that sets forth the necessary expenses on a weekly basis. The budget reflects a number of circumstances that Debtor is likely to face during the first weeks of the case, including the fact that vendors will likely require Debtor to pay cash on delivery or cash in advance for necessary supplies. The budget is based on the best estimates of Debtor and Debtor's accounting staff and myself.

8. The use of the cash on an interim basis pending a hearing on final authority to use cash collateral is urgent and imminent. The interests of the primary secured creditor of the Debtor with security interest in the Debtor's cash, GE Energy Financial Services, as an agent for other lenders, is adequately protected by the substantial equity cushion between the total amount of their debt, approximately \$33,330,000 in principal and accrued interest as of today, and the value of the Plant which recently appraised at an operational value of \$51,500,000 and a forced sale value of \$40,000,000.

9. The Debtor's business plan calls for operating the Plant to produce Ethanol at the plant's full capacity after submission to and consideration by this Court of a post-petition financing arrangement that will provide production inputs and continued grain supplies at favorable pricing. To get to that point, the Debtor has to keep its present limited work force ready, prepare the facility for full-production, undertake

limited but necessary repairs and maintenance, and keep its numerous insurance coverages in good standing.

10. During the month of May, the Debtor has budgeted total expenditures of approximately \$400,000. These expenditures will be significantly offset by the receipts of the USDA sorghum program funds. The Debtor will be in a position at that time to implement its post-petition operation and financing arrangements to resume production. With resumed production comes the ability to realize the full valuation of the Plant and related assets. This would allow the Debtor to propose a plan of reorganization that would provide full payment to all creditors and allow retention of residual value for the membership interests in the Debtor. The Debtor's plans begin with the Court's authorization to use cash collateral in the interim period.

I certify under penalty of perjury that the foregoing is true and correct.

/s/ James P. Halbert
James P. Halbert